



Commercial Service Caribbean Region Jamaica

Bath and Sanitary Ware Market Research Report

Summary

An important subset of the building and construction sector in Jamaica is the market for bath and sanitary ware items. Between 2000 and 2004, there has been a 60% increase in the importation of items from this sub sector into Jamaica. Products sourced from the U.S. are viewed as being trendy and of good quality and over 40% of imports are estimated to have been obtained from the United States in 2004. Other important sources of products are Latin America and China, particularly due to price competitiveness.



Market Overview

The building and construction sector in Jamaica has remained relatively healthy despite challenges in the overall economic environment. In 2004, the sector grew by 4.9 percent. This represents the largest growth rate and the fifth consecutive year of growth in the construction sector since 1999. According to the Planning Institute of Jamaica, for the year 2003, the increased activity in the sector was evidenced by increases in the use of cement, increases in the number and value of mortgages, increases in the production of selected aggregates used for building construction and increases in the number of Electrical Inspections for buildings. For 2003, there were over 27,000 such inspections compared with 24,630 in 2002.

According to information from the Bank of Jamaica, mortgage lending has increased in recent years as Jamaicans have sought to finance activities aimed at building new homes as well as making improvements to existing structures. In 2004, Building Societies (financial institutions that specialize in home loans) lent almost J\$29 billion in mortgages – a 23 percent increase over 2003 – and indications are that the growth momentum will continue through 2005 (US\$1=J\$60). Up to February 2005 loans were significantly up over the comparable period for the previous year.

A number of factors have contributed to the increase in home loans for renovations and new construction. First, many observers have pointed to increased confidence and predictability in Jamaica's macroeconomic indicators. At the same time, interest rates have been dropping and inflation has not been as severe as it was a few years before.

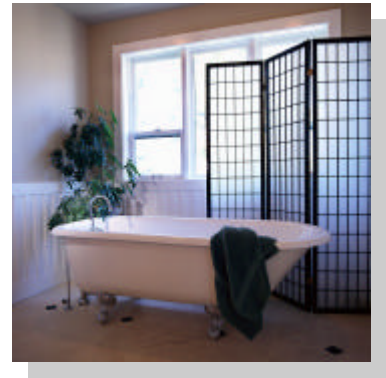
The activities in the construction sector has led to growth in the number of homes being constructed and renovated as well as increases in the demand for goods and services needed to completely finish homes. According to the Planning Institute of Jamaica, housing completions numbered 5,832 in 2004 up 47 percent over the 3,967 houses completed in 2003.



The demand for bath and sanitary ware items is fuelled not only by the construction of new homes but also by remodeling and renovations. Bathrooms and kitchens are the most frequently redesigned and remodeled sections of homes in Jamaica. This cuts across all social groups. In some social sectors, construction focusing on the kitchen and bathroom may well be out of the basic need for repairs. For households with higher incomes in particular, there is a growing trend for homeowners to exercise the option of undertaking kitchen and bathroom remodeling. This increases the comfort of their homes and can also have the effect of maintaining or improving the value of the asset.



A major trend for bathrooms and kitchens is to make them larger. In the case of bathrooms, homeowners may choose to knock out walls to make an existing bath more functional or comfortable or just bigger. There is also a trend whereby a separate shower and bathtub are most desired. A separate bath provides more flexibility in choosing a tub – whether a freestanding bath or a relaxing whirlpool in various sizes. More and more, the kitchen is becoming an important part of the home for family and visitors to the home. For Jamaican households that can afford it, the kitchen may be remodeled not only to increase functionality, but also to allow it to serve as a welcoming and pleasant area of the home.



IMPORT MARKET AND COMPETITION

According to figures from the Statistical Institute of Jamaica, imports of bath and sanitary ware products of porcelain, ceramic, china or similar materials since 2000 have been as follows:

Year	US\$/Millions
2000	2.5
2001	3.2
2002	3.1
2003	3.2
2004 (Jan-June)	2.1 (6 months)

As of July 2005, official figures are only available for the first 6 months of 2004. Given the pattern of demand in previous years, it would not be unreasonable to estimate that final import figures for 2004 will exceed US\$4 million.

Jamaica imports a wide range of bath and sanitary ware products from all over the world. The 60% increase in annual imports between 2000 and 2004 bears out the buoyancy of the building and construction sector in general as well as the growing demand for good quality interior accessories and fittings for homes.

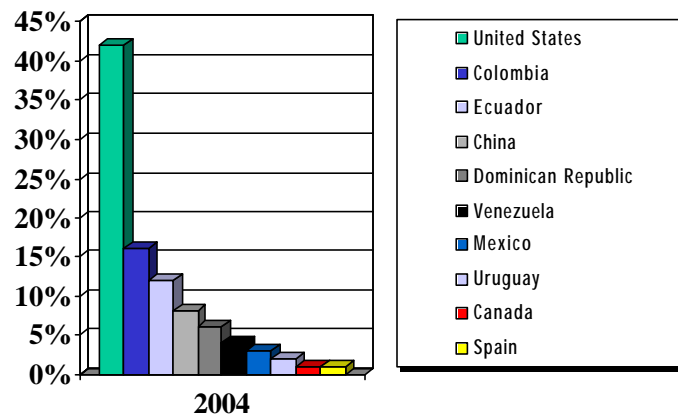
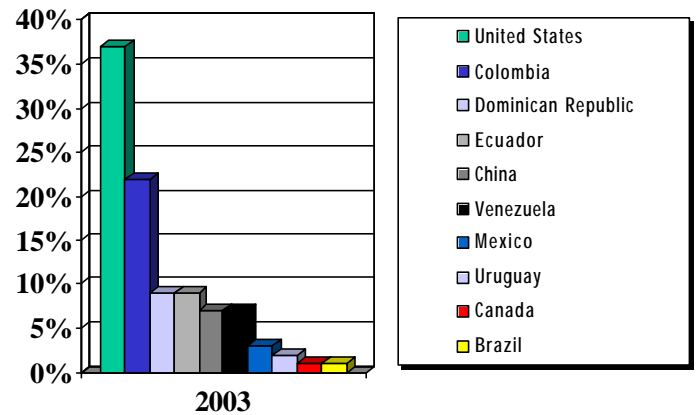
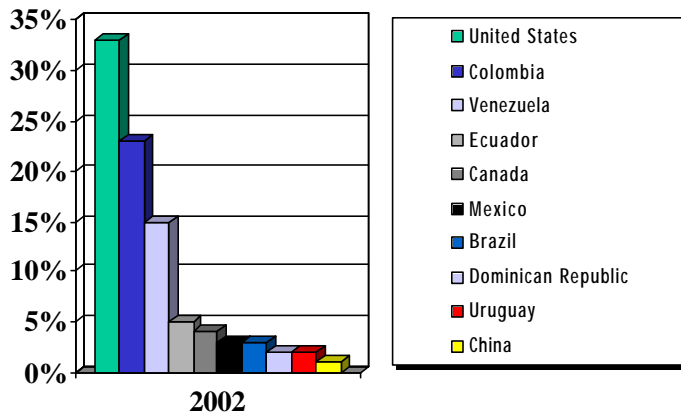
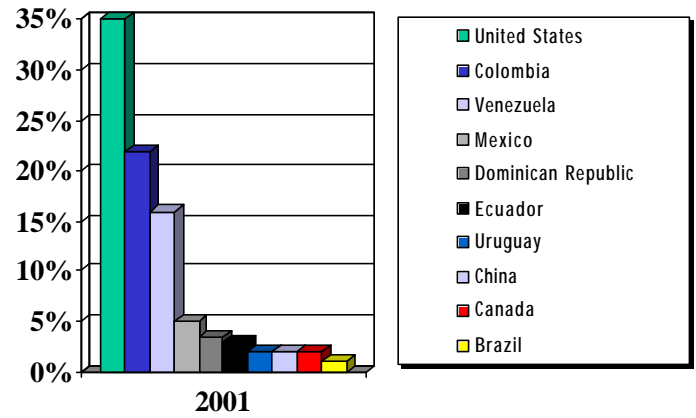
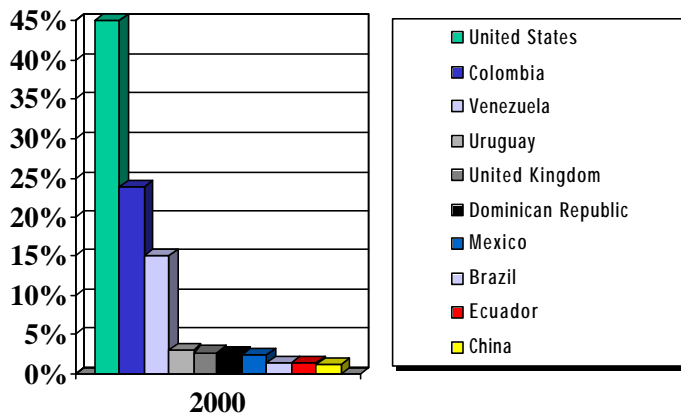
There is a limited amount of local manufacturing of kitchen and bathroom products such as wall panels, counter tops, toilets, basins and bathtubs but almost 95% of demand is met by imports. Some years ago, there was even a small amount of exported products but this activity ceased some time ago.

Source countries for bath and sanitary ware items include the United States, Columbia, China, Mexico, Venezuela, Ecuador, European countries and the Dominican Republic. In 2000, about 45% of imports in this category came from the United States. This share dipped a bit in succeeding years but for 2004, it is estimated that the U.S. market share will once again be over 40%.

In the Jamaican market place, products from the United States are considered to be well designed and on the cutting edge of style. However, many end users go towards products from Central and South America because of price considerations. Additionally, there has been growing interest in products of all types originating in China. In recent years, Jamaican business people have been showing increasing interest in goods from China. A major trade and business delegation from China visited Jamaica early in 2005.



MARKET SHARE OF IMPORTS





END USERS

The overall market for all types of building and construction materials in Jamaica may be segmented in various categories. For bath and sanitary ware products, these would include residential construction by homeowners, residential construction initiated or encouraged by the government and hotel construction.

For residential homeowners, there is an extensive network of small hardware retail outlets all over Jamaica. Many of these smaller outlets are owned by individual proprietors who may receive goods from larger distributors in Jamaica or they may at times choose to import directly. In addition to basic “bread and butter” hardware items (eg. screws, nuts, bolts, tools, cement, lumber etc.) even the smallest hardware establishments have usually carried some basic products for bathrooms and kitchens. A step up from the small hardware stores are larger hardware and home outlets such as Phil’s Hardware Establishment, Parkinson’s Hardware, Tools Hardware & Supplies and Home & Things.

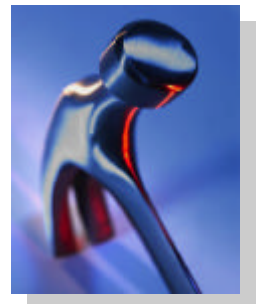
In view of the growing need for choice, some newer stores have started specializing in upscale bathroom and kitchen accessories such as high quality pipework and taps, European “water vanities”, pedestal sinks/basins, shower enclosures, Jacuzzis and whirlpool baths of various shapes, sizes and qualities. An important feature of some of the latest trends in bathroom design is the ease with which new components may be installed and commissioned.

Over the last 5 years or so, there has been a new trend in home product retailing in Jamaica. This is the development of the “superstore” (similar to the “Home Depot” outlets in the United States). These afford the customer the opportunity to walk into the outlet and select goods similar to how it is done in supermarkets. In addition to the difference in layout, another major difference between the basic hardware outlets and the superstores is the customer targeted. The superstores tend to include more upscale items and focus more on the needs and demands of individuals of higher income levels. Some examples of this type of superstore are True-Value Home Centers, Rapid Sheffield and Ace Hardware.

There are several residential home construction projects, which are being encouraged or facilitated by the Jamaican government. The Government of Jamaica in 2005 announced plans for the development of more than 10,000 housing units – a significant amount of which will be completed by the end of 2005. Large Jamaican construction companies that have been and are expected to continue participating in major construction projects include WIHCON (West Indies Home Contractors), Stresscon, Ashtrom Building Systems, Gore Developments, Aerocon Construction, New Era Homes, Magil Construction and Marley & Plant Limited.

MARKET ACCESS / ENTRY

New Building Standards are being developed through the Government’s agency, the Jamaica Bureau of Standards. The Bureau has indicated that the new standards (or “Building Code”) will be available by the end of 2005 and will focus on all aspects of construction. The enhanced code will have as its base the International Building Code (IBC), which is being adapted to Jamaica’s requirements by the Bureau of Standards and the Jamaica Institution of Engineers. Areas to be covered include mechanical equipment code, plumbing code, energy conservation code, interface code and sewage code.



The Bureau of Standards plays an important role as far as the labeling of imported products is concerned. In general, goods for retail sale in Jamaica must be properly labeled in English. The label should include an appropriate description of the product as well as the name and address of the manufacturer.



The Bureau regularly does surveys on items, which are being sold, and also investigates complaints from the public about products that could be in breach.

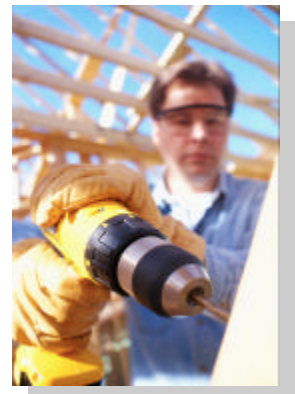
The import of goods into Jamaica requires payment of a range of charges. These include the Import Duty, General Consumption Tax, Customs User Fee and a Standards Compliance Fee. The General Consumption Tax (GCT) is a sales tax, which is recoverable on the retail or consumer side, but it is required to be paid immediately on entry.

ITEM	DUTY (%)	GCT (%)	CUF (%)	SCF (%)
Porcelain/China Items:				
Sinks	15	16.5	2	0.3
Wash Basins	15	16.5	2	0.3
Baths	15	16.5	2	0.3
Bidets	15	16.5	2	0.3
Urinals	15	16.5	2	0.3
Metal Items:				
Sinks	0	16.5	2	0.3
Baths	0	16.5	2	0.3
Others:				
Jacuzzis	10	16.5	2	0.3
Plastic Shower enclosures	15	16.5	2	0.3

Opportunities for Profile Building / Upcoming Events

The Incorporated Masterbuilders Association of Jamaica (IMAJ) is an association of Building, Civil Engineering and Specialist contractors. Among the IMAJ's objectives is to seek to maintain standards of excellence in the building and construction industry. They organize regular events, which attract the participation of a good cross section of the building and construction sector. For information on upcoming events, U.S. firms may contact:

- Incorporated Masterbuilders Association of Jamaica
5 Oxford Park Avenue
Kingston 5
Jamaica
Phone: (876) 926-8942
Fax : (876) 968-0221
Contact: Donald Mullings (President); Raymond Cooper (Vice President);
Rosemarie Plant (Admin Manager)





The Hardware Merchants' Association (HMA) represents dealers and retailers of hardware and building materials from all over Jamaica. Every two years, the HMA organizes an Expo of which a primary focus is the Building and Construction industry. The 2005 show took place April 29 to May 1, 2005 and the next such event is scheduled for 2007.

Contact information:

Hardware Merchants Association
10 Windsor Avenue
Kingston 5
Jamaica
Phone: (876) 978-4065
Contact: Michael Brooks (President); Jennifer Campbell (Admin Manager)



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